



# STATISTICS IN FOCUS

## Economy and finance

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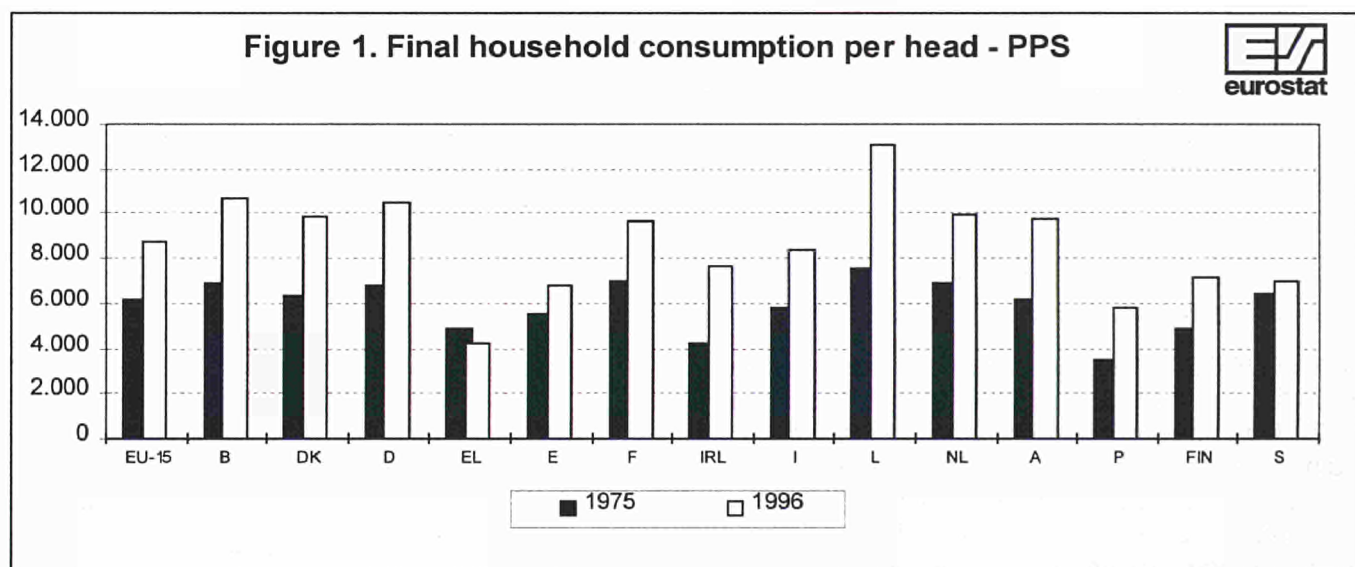
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### Final household consumption in the European Union: — Main trends and structure —

Consumption has a relevant role, both as an indicator of economic conditions and as a reflection of social and cultural circumstances.

In a study which will be published soon <sup>(1)</sup>, Eurostat analyses main trends and the structure of final household consumption in the European Union as a whole, and in Member States; over 20 year period, going from 1975 to 1995. <sup>(2)</sup>

A comparison of per head figures of consumption for 1975 and 1996 has been illustrated in Figure 1. In 1996 the highest per capita consumption of households has been recorded by Luxembourg, followed by Belgium and Germany; at the other end of the scale were Portugal and Greece. In order to show differences in per capita consumption between the various Member States, figures have been expressed in Purchasing Power Standards (PPS).



Note : Eurostat estimate for EU-15, Germany, Spain, Luxembourg, Austria and Sweden  
Source : Eurostat

- (1) Final household consumption in the European Union — Main results and detailed tables 1975/1995.
- (2) All figures illustrated in this "Statistics in focus" refer to National Accounts. In the abovementioned publication is also included a presentation of "the Household Budget Survey". The difference in the two set of data is the National Accounts take in consideration not only consumption of private households but also institutional households and foreign tourist consumption.

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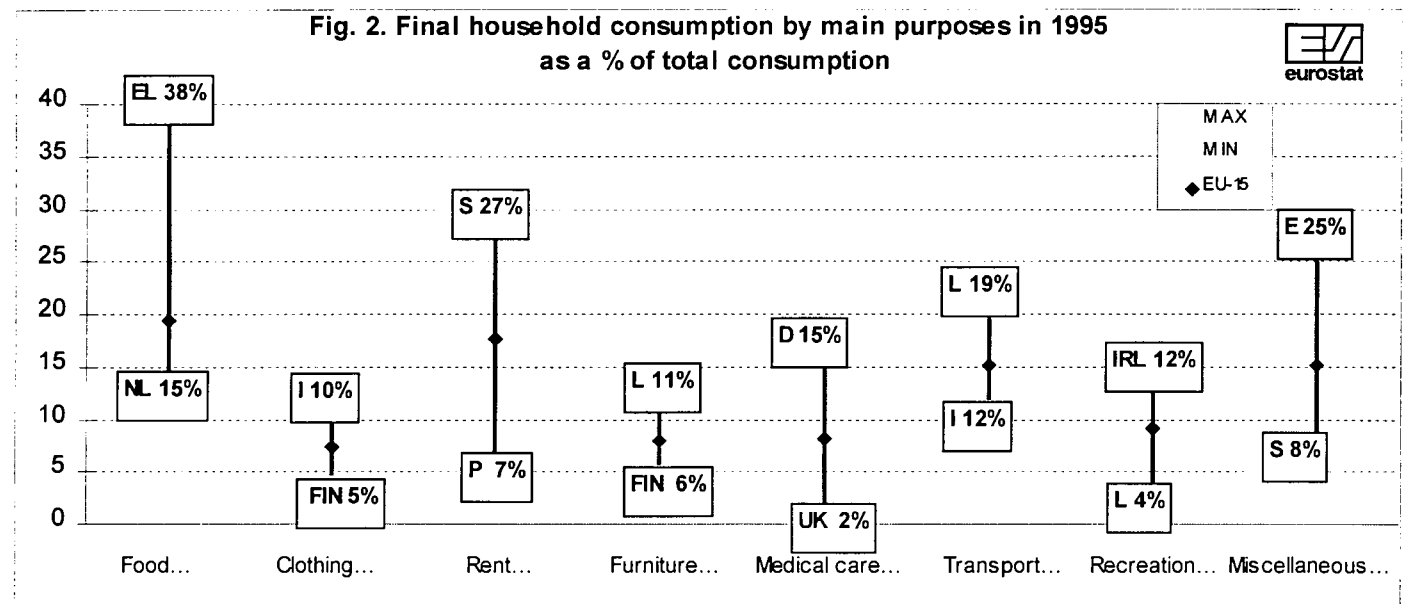
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They allow better comparison among countries, since they are based on the consideration of each country real purchasing power.

In 1996, Belgium, Denmark, Germany, France, Luxembourg, the Netherlands and Austria have been the countries showing per head consumption over EU average (see Fig. 1).

Comparing with 1975, still Luxembourg had the highest value among Member States but the next figures had been recorded by France and the Netherlands. Relating figures over 20 years, Luxembourg recorded the strongest increase, nearly doubling per capita consumption, while only Greece reduced a little. As a whole European Union consumption increased by around 40%.



### Europeans go on diet...

Comparing the part of eight main purposes in total consumption (see Figure 2) amongst the EU Member States, *food, beverages and tobacco* still account for the bulk of household consumption in the European Union as a whole. In 1995 they were the leading consumption item in eight of the fifteen countries (Belgium, Greece, Ireland, Italy, Austria, Portugal, Finland and the United Kingdom). Of the Member States, the largest share of total consumption dedicated to *food, beverages and tobacco* was recorded by Greece at 38.1%, followed by Ireland (32.4%) and Portugal (30.5%); at the other end of the scale were the Netherlands at 14.7%.

In the EUROSTAT study comparison has been made over 20 year period. It is interesting to note that in 1975 *food, beverages and tobacco* had been the main target of household consumption in all Member States except Denmark and Sweden; over the following years it lost its primary position in Germany, Spain, France, Luxembourg and the Netherlands.

### Northern European spend more for housing...

In 1995, *gross rent, fuel and power* were the leading component of total consumption in six of the 15 Member States - Denmark, Germany, France, Luxembourg, the Netherlands and Sweden - and one of the main components in all other Member States except Portugal, where this item is of minor

importance. Only in Denmark and Sweden did *gross rent, fuel and power* remain in the lead over the past twenty years, in the other Member States this was most often the case in the early 1990s. Altogether consumption in *food, beverages and tobacco* and *gross rent, fuel and power* represented nearly the 40% of total consumption in the European Union, *transport and communication* as well as *miscellaneous of goods and services* recorded both shares around 15%, and the remaining functions jointly stood for roughly one third of total household consumption in the EU.

### Health and fun, the most dynamic purposes ...

Table 1 gives an overview of the development of final household consumption both by country and by main purpose. Volume growth rates show the dynamic development in households consumption, while the size of changes in the functions' shares of total consumption show structural transformation.

In the EU as a whole, total household consumption grew by an annual rate of 2.3%; considering eight functions breakdown, main growth was concentrated in expenses for *medical care and health expenses* and for *recreation, entertainment, etc.* On the opposite, the slowest rate was for expenses in *food, beverages and tobacco*.

Among Member States, total consumption grew faster in Portugal (+3.7% each year) and Ireland

(+3.5%), while Sweden recorded the slowest expansion (+1.0%).

Considering changes of the purposes weight on total consumption, in the EU as a whole *food, beverages and tobacco* (-5.4 percentage points), *clothing and footwear* (-1.3 points) and *furniture, furnishing etc.* (-0.3 point) decreased their importance, while expenses for *medical care and health expenses* expanded its significance in total households consumption.

Overall, the share of *food, beverages and tobacco* reduced in all Member States and contrary only expenses for *recreation, entertainment etc.* recorded positive changes. It is interesting to note that a sharp fall in the quota of *food, beverages and tobacco* did not shift consumption towards one single function, in particular of *gross rent fuel and power* (stable with +0.5 percentage points). But instead reduction has been distributed homogeneously across *medical care and health expenses, recreation, entertainment, education and cultural services* and *transport and communication* as well as *miscellaneous goods and services*.

In conclusion, in absolute terms Member States show a general trend up-turning expenses in *food, beverages and tobacco* to *gross rent, fuel and power*. However, while comparing the dynamics in total consumption, the most active purposes are *medical care and health expenses* as well as *recreation, entertainment, etc.*

### The "euro-consumer" does not exist ...

One of the main issues of Eurostat study is to point out the harmonisation process, or the lack of that, in the structure of consumption among Member States. Consumption purposes are closely related to the cultures, traditions and lifestyles and degree of development in different countries. The analysis developed in the study led to detect no strict similarity in geographical groupings.

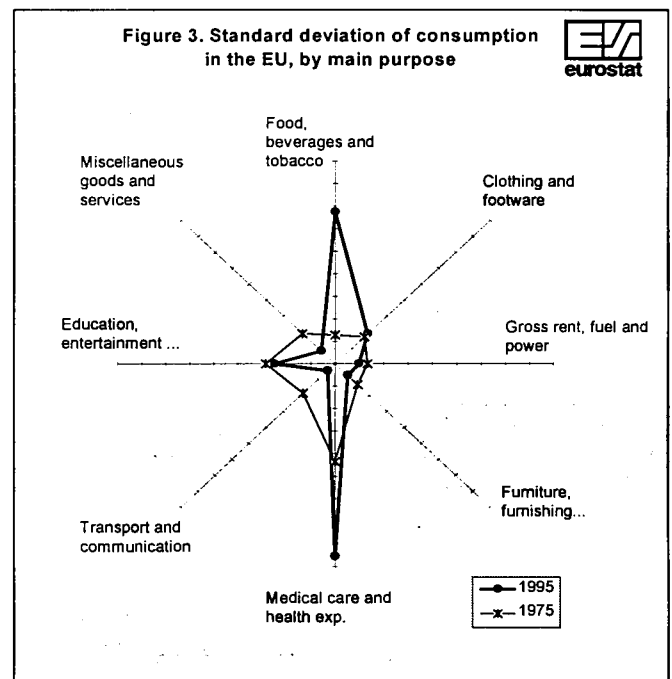
As a general matter all "southern" countries are mainly concentrated on *food, beverages and tobacco*, but that relation is not comprehensive and Ireland, Austria and Finland are evident exceptions. A more direct similarity can be noted for the majority of

"northern" countries, showing considerable spending for *gross rent, fuel and power*.


In order to give a global picture of the process of harmonisation in EU countries standard deviation by main purpose has been calculated.

Figure 3 illustrates this idea, showing the indicator as it was in 1995 and in 1975. The two areas represent the scatter of Member States' figures around the average EU consumption, comparing the two benchmark years. It can be seen that the area representing 1995 is larger, meaning that, as a whole, the gaps between countries had grown wider by that year.

*Food, beverages and tobacco* and *medical care and health expenses* are the functions in which the gaps between Member States widened, while the consumption of *transport and communication* and *miscellaneous goods and services* tended to converge in 1995. Large diverge in expenses for *medical care and health expenses* is largely due the different structure of health expenses: the dominance of private or public health services influences the nature of expenditure under this heading.



**Table 1. Development of total household consumption by main purpose — 1975/1995**

 Eurostat		Food, beverages and tobacco	Clothing and footwear	Gross rent, fuel and power	Furniture, furnish., household eq.	Medical care and health exp.	Transport and commun.	Recreation, entert., educ., cult. serv.	Misc. goods and services	Final household consumption
EU-15	AGR	1.1	1.5	2.5	2.1	3.8	2.9	3.3	2.7	2.3
	CH%	-5.4	-1.3	0.5	-0.3	2.0	1.7	1.6	1.2	-
B	AGR	0.8	1.4	2.0	1.5	2.8	1.9	4.2	2.4	1.9
	CH%	-4.4	-0.8	0.2	-1.0	1.7	0.0	2.4	1.2	-
DK	AGR	1.1	1.5	1.0	-0.5	2.4	2.3	3.1	2.2	1.6
	CH%	-2.0	0.0	-3.4	-2.8	0.4	2.6	3.4	1.3	-
D	AGR	1.4	1.2	2.9	2.2	3.5	3.1	2.5	2.4	2.4
	CH%	-3.4	-1.9	1.8	-0.5	2.8	1.7	0.1	-0.1	-
EL	AGR	2.0	-1.9	3.5	1.3	2.4	4.9	3.8	2.8	2.2
	CH%	-1.6	-8.6	2.6	-1.6	0.1	5.7	1.5	1.1	-
E	AGR	1.1	0.4	1.9	1.3	4.7	3.1	2.2	2.8	2.0
	CH%	-4.2	-3.1	-0.3	-0.9	2.2	2.7	0.3	3.4	-
F	AGR	1.3	0.1	3.1	0.8	4.8	2.4	3.0	1.6	2.2
	CH%	-3.5	-2.9	3.6	-2.2	4.2	0.9	1.2	-1.4	-
IRL	AGR	1.8	4.1	4.6	3.8	4.6	4.0	5.2	5.4	3.5
	CH%	-12.7	0.7	2.9	0.4	0.7	1.4	3.6	3.2	-
I	AGR	0.9	2.6	2.6	3.8	3.9	3.3	4.4	3.6	2.8
	CH%	-8.8	-0.4	-0.4	1.8	1.4	1.2	2.5	2.6	-
L	AGR	1.8	1.2	3.1	3.9	4.0	5.4	4.4	2.8	3.2
	CH%	-6.1	-2.9	-0.4	1.4	1.1	6.6	0.8	-1.3	-
NL	AGR	1.4	1.4	2.7	1.4	2.5	2.0	3.0	2.2	2.1
	CH%	-2.2	-1.0	2.1	-1.0	0.8	-0.4	1.6	0.3	-
A	AGR	1.4	0.5	2.3	3.2	1.7	2.4	3.9	2.4	2.1
	CH%	-2.9	-3.1	0.8	1.7	-0.4	0.9	2.4	0.9	-
P	AGR	2.7	2.9	5.9	3.3	3.3	5.0	4.5	4.6	3.7
	CH%	-6.6	-1.5	2.3	-0.8	-0.3	3.4	1.1	2.9	-
FIN	AGR	1.1	1.4	2.9	0.9	2.2	1.4	1.9	2.4	1.8
	CH%	-3.5	-0.4	4.2	-1.2	0.4	-1.3	0.2	1.5	-
S	AGR	0.5	0.7	0.8	1.0	3.1	1.2	1.6	0.9	1.0
	CH%	-2.1	-0.4	-0.9	0.0	0.8	0.8	1.2	0.0	-
UK	AGR	0.3	3.7	1.6	2.7	4.6	3.5	4.2	3.3	2.3
	CH%	-10.0	1.7	-2.8	0.5	0.5	3.6	3.5	3.0	-

Note : annual growth rate (AGR) is in %, while change in each function share in total consumption (CH%) has been calculated in percentage points. Eurostat estimates for Austria, Sweden, Finland and Luxembourg.

Source : Eurostat

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